

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: July 30, 2014
TO: House Finance Committee
FROM: Sandra Johnson
Fiscal Research Division
RE: Senate Bill 763 (PCS)

FISCAL IMPACT (\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Section 37.3 Modular/Manufactured Homes	(4.7)	(6.3)	(6.4)	(6.6)	(6.8)
NET STATE IMPACT	(\$4.7)	(\$6.3)	(\$6.4)	(\$6.6)	(\$6.8)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Department of Revenue

EFFECTIVE DATE: September 1, 2014

TECHNICAL CONSIDERATIONS:
None

BILL SUMMARY:

Section 24 exempts 50% of the sales price of a manufactured or modular home from sales tax, effective July 1, 2014.

ASSUMPTIONS AND METHODOLOGY:

Section 24 of the bill exempts 50% of the sales price of a manufactured or modular home from sales tax. The fiscal impact of modifying the modular and manufactured home sales tax reduces General Fund availability by \$4.7 million in the first fiscal year and \$6.0 million per fiscal year in subsequent years. This portion of the bill becomes effective July 1, 2014. Table 1 provides more information on the methodology used to calculate the fiscal impact of the proposed changes.

Table 1. Fiscal Impact of Modular Home/Mobile Home Sales Tax Modification, FY 2013-14			
	Manufactured Home Sales Tax Base	Modular Home Sales Tax Base	Sales Tax Collections (4.75%)
Current Law	\$ 261.8	\$ 133.3	\$ 18.8
Revenue Laws	\$ 196.4	\$ 80.0	\$ 13.1
Fiscal Impact			\$ (5.64)
Assumed Retail Markup	25%	40%	
Sources: Reference for Business, Operators of Mobile Home Sites ¹			

SOURCES OF DATA: North Carolina Department of Revenue

TECHNICAL CONSIDERATIONS: None

¹ Source: <http://www.referenceforbusiness.com/industries/Finance-Insurance-Real-Estate/Operators-Residential-Mobile-Home-Sites.html>